



JOTECH

Financial Statements

41	Directors' Report	51	Group Cash Flow Statement
46	Statement by Directors	53	Company Balance Sheet
46	Statutory Declaration	54	Company Income Statement
47	Report of the Auditors	55	Company Statement of Changes In Equity
48	Group Balance Sheet	56	Company Cash Flow Statement
49	Group Income Statement	57	Notes to the Financial Statements
50	Group Statement of Changes In Equity		

Directors' Report for the year ended 31 December 2002

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services whilst the principal activities of its subsidiaries are stated in Note 3 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the year	<u>3,323,282</u>	<u>1,885,391</u>

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final tax exempt dividend of 3% per ordinary share amounting to RM1,200,000 in respect of the financial year ended 31 December 2001 on 10 July 2002.

A first and final tax exempt dividend of 4.5% amounting to RM1,800,000 in respect of the financial year ended 31 December 2002 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

The Directors who served since the date of the last report are:

Yg. Bhg. Datuk Haji Sarip bin Hamid
Tuan Haji Mohd Ali bin Bawal
Liew Cheng York
Ooi Boon Pin
Lim Siok Hui
Chew Siew Hong
Ashari bin Ayub
Lasa bin Mat Desa
Lt Jen (B) Datuk Haji Abdul Aziz bin Hasan

DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who are Directors at year end as recorded in the Register of Directors' shareholdings are as follows:

Directors' Report for the year ended 31 December 2002 (cont'd)

	Number of Ordinary Shares of RM1 each			
	At 1.1.2002	Bought	Sold	At 31.12.2002
Shares in the Company				
Datuk Haji Sarip bin Hamid				
- direct interest	50,000	-	-	50,000
- indirect interest	13,599,993	-	-	13,599,993
Tuan Haji Mohd Ali bin Bawal				
- direct interest	10,000	-	-	10,000
Liew Cheng York				
- direct interest	6,713,265	44,000	(102,000)	6,655,265
Ooi Boon Pin				
- direct interest	2,884,001	-	-	2,884,001
Lim Siok Hui				
- direct interest	2,942,742	-	-	2,942,742
Chew Siew Hong				
- direct interest	2,020,399	-	-	2,020,399
Ashari bin Ayub				
- direct interest	10,000	-	-	10,000
Lasa bin Mat Desa				
- direct interest	10,000	-	-	10,000

The number of options pursuant to the Employees' Share Option Scheme granted to the Directors over the ordinary shares of the Company are as follows:

Name	Number of Options Over Ordinary Shares of RM1 each			
	At 1.1.2002	Granted	Exercised	At 31.12.2002
Datuk Haji Sarip bin Hamid	-	175,000	-	175,000
Liew Cheng York	-	175,000	-	175,000
Ooi Boon Pin	-	175,000	-	175,000
Lim Siok Hui	-	175,000	-	175,000

Lt Jen (B) Datuk Haji Abdul Aziz bin Hasan did not have any interest in the ordinary shares of the Company and of its related corporations during the year.

By virtue of Liew Cheng York and Datuk Haji Sarip bin Hamid having interest of more than 15% in the ordinary shares of the Company, they are deemed to have an interest in the issued share capital of all the subsidiaries held by the Company during the financial year. Details of their deemed shareholdings in a non-wholly owned subsidiary are as follows:

Directors' Report for the year ended 31 December 2002 (cont'd)

	Number of Ordinary Shares of USD1 each			
	At 1.1.2002	Bought	Sold	At 31.12.2002
Indirect interest				
PT Indotech Metal Nusantara	600,000	-	-	600,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the Directors who have substantial financial interest in companies which traded with certain companies in the Group in the ordinary course of business.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the Employees' Share Option Scheme.

ISSUE OF SHARES

There were no changes in the issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to the Employees' Share Option Scheme.

At the Annual General Meeting held on 22 May 2002, the Company's shareholders approved the establishment of an employees' share option scheme ('ESOS') of not more than 10% of the issued share capital of the Company to eligible Directors and employees of the Group.

The options offered to take up unissued ordinary shares of RM1.00 each and the option prices are as follows:

Date of Offer	Option price	Number of options over ordinary shares of RM1 each			
		At 1.1.2002	Granted	Exercised	At 31.12.2002
15.7.2002	RM1.40	-	3,276,000	-	3,276,000

The salient features of the scheme are as follows:

- i) Any Director or executive of the Group shall be eligible to participate in the scheme if, as at the date of offer, the Director or executive has attained the age of 18 years, confirmed in service and on the payroll of a Company within the Group and has been employed by the Group for at least 6 months;
- ii) The number of shares allocated to Directors and senior management shall not exceed 50% of the total shares available under the scheme;
- iii) The number of shares allocated to any individual Director or executive who, either individually or collectively through his/her associates, hold 20% or more in the issued and paid-up capital of the Company shall not exceed 10% of the total shares available under the scheme;

Directors' Report for the year ended 31 December 2002 (cont'd)

- iv) The option is personal to the grantee and cannot be assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever;
- v) The option price shall be determined by the average of the middle market quotation of the Company's ordinary shares as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher;
- vi) The options granted may be exercised at any time within a period to ten years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing;
- vii) The options granted may be exercised according to the following scale in respect of a maximum of the following:

Number of shares in respect of options granted	Percentage of Options Exercisable (%)		
	Year 1	Year 2	Year 3
Below 14,000	50	50	-
14,000 and above	40	30	30

The percentage of options exercisable but not exercised in a particular year can be carried forward to the subsequent years within the option period;

- viii) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate allowance made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or

Directors' Report for the year ended 31 December 2002 (cont'd)

- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2002 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:



.....
LIM SIOK HUI



.....
OOI BOON PIN

Shah Alam,

Date: 14 March 2003

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 48 to 77, are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2002 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



.....
LIM SIOK HUI



.....
OOI BOON PIN

Shah Alam,

Date: 14 March 2003

Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Leong Lup Yan**, the officer primarily responsible for the financial management of Jotech Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 77 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Shah Alam on 14 March 2003.



.....
Leong Lup Yan

Report of the Auditors for the year ended 31 December 2002

We have audited the financial statements set out on pages 48 to 77. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- i) the state of affairs of the Group and of the Company at 31 December 2002 and the results of their operations and cash flows for the year ended on that date; and
- ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiary in respect of which we have not acted as auditors is identified in Note 3 to the financial statements and we have considered its financial statements and the auditors' report thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment under subsection (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Chartered Accountants

Hew Lee Lam Sang
Partner
Approval Number: 1862/10/03(J)

Kuala Lumpur,

Date: 14 March 2003

Group Balance Sheet at 31 December 2002

	Note	2002 RM	2001 RM
Property, plant and equipment	2	42,431,581	44,875,631
Goodwill on consolidation	4	6,707,689	7,029,782
Other investments	5	4,000,000	-
Current assets			
Inventories	7	10,538,632	12,696,310
Trade and other receivables	8	12,317,010	12,210,423
Tax recoverable		1,539,526	1,121,518
Other investments	5	20,000,000	-
Cash and cash equivalents	9	45,757,144	16,979,737
		90,152,312	43,007,988
Current liabilities			
Trade and other payables	10	16,708,507	13,775,690
Borrowings	11	5,801,421	3,675,690
Taxation		873,881	705,118
		23,383,809	18,156,498
Net current assets		66,768,503	24,851,490
		119,907,773	76,756,903
Financed by:			
Capital and reserves			
Share capital	12	40,000,000	40,000,000
Reserves	13	26,627,717	24,504,435
		66,627,717	64,504,435
Minority interest	14	2,248,340	1,945,136
Long term and deferred liabilities			
Deferred taxation	15	2,291,000	2,241,000
Borrowings	11	48,740,716	8,066,332
		119,907,773	76,756,903

The financial statements were approved and authorised for issue by the Board of Directors on 14 March 2003.

The notes set out on pages 57 to 77 form an integral part of, and should be read in conjunction with, these financial statements.

Group Income Statement for the year ended 31 December 2002

	Note	2002 RM	2001 RM
Revenue		87,627,173	87,898,044
Cost of sales		(71,483,000)	(72,379,717)
Gross profit		16,144,173	15,518,327
Distribution costs		(804,462)	(612,957)
Administrative expenses		(9,678,647)	(9,416,613)
Other operating expenses		(369,130)	(661,719)
Other operating income		113,007	51,644
Operating profit	16	5,404,941	4,878,682
Interest expense		(1,465,795)	(1,174,185)
Interest income		618,547	286,164
Profit before taxation		4,557,693	3,990,661
Tax expense	18	(931,207)	(957,421)
Profit after taxation		3,626,486	3,033,240
Less: Minority interests		(303,204)	-
Net profit for the year		3,323,282	3,033,240
Basic earnings per ordinary share (sen)	19	8.31	7.58
Diluted earnings per ordinary share (sen)	19	8.20	-
Dividend per ordinary share - gross (sen)	20	4.50	3.00

The notes set out on pages 57 to 77 form an integral part of, and should be read in conjunction with, these financial statements.

Group Statement of Changes in Equity for the year ended 31 December 2002

	Note	Share capital RM	Non-Distributable Share premium RM	Distributable Retained profits RM	Total RM
At 1 January 2001		40,000,000	5,491,498	17,984,648	63,476,146
Net gains and losses not recognised in the income statements:)				
Share issue expenses)	-	(4,951)	-	(4,951)
Net profit for the year		-	-	3,033,240	3,033,240
Dividends - 2000 final	20	-	-	(2,000,000)	(2,000,000)
At 31 December 2001		40,000,000	5,486,547	19,017,888	64,504,435
Net profit for the year		-	-	3,323,282	3,323,282
Dividends - 2001 final	20	-	-	(1,200,000)	(1,200,000)
At 31 December 2002		40,000,000	5,486,547	21,141,170	66,627,717

Note 12

Group Cash Flow Statement for the year ended 31 December 2002

	Note	2002 RM	2001 RM
Cash flows from operating activities			
Profit before taxation		4,557,693	3,990,661
Adjustments for:			
Amortisation of goodwill		334,693	264,987
Depreciation		6,200,327	5,049,192
Property, plant and equipment written off		22,158	8,877
Gain on disposal of property, plant and equipment		(69,757)	-
Interest expense		1,465,795	1,174,185
Interest income		(618,547)	(286,164)
Unrealised gain on foreign exchange		(31,936)	-
Operating profit before working capital changes		11,860,426	10,201,738
Movements in working capital:			
Inventories		2,157,679	1,514,769
Trade and other receivables		963,092	9,665,134
Trade and other payables		2,467,165	(3,278,569)
Cash generated from operations		17,448,362	18,103,072
Income taxes paid		(1,130,795)	(1,093,130)
Net cash generated from operating activities		16,317,567	17,009,942
Cash flows from investing activities			
Interest income		568,547	286,164
Acquisition of subsidiaries, net of cash acquired	i)	-	(7,612,058)
Purchase of property, plant and equipment	ii)	(3,698,112)	(5,213,453)
Proceeds from disposal of property, plant and equipment		106,234	364,765
Purchase of other investments		(24,000,000)	-
Net cash used in investing activities		(27,023,331)	(12,174,582)
Cash flows from financing activities			
Dividend paid		(1,200,000)	(2,000,000)
Proceeds from term loans		46,349,000	3,157,462
Repayment of term loans		(4,370,424)	-
Repayment of hire purchase creditors		(295,261)	(4,288,514)
Interest paid		(1,000,144)	(1,174,185)
Payment of listing expenses		-	(4,951)
Repayment of bankers acceptances		-	(3,132,000)
Net cash generated from/(used in) financing activities		39,483,171	(7,442,188)
Net increase/(decrease) in cash and cash equivalents		28,777,407	(2,606,828)
Cash and cash equivalents at beginning of year		16,979,737	19,586,565
Cash and cash equivalents at end of year	iii)	45,757,144	16,979,737

Group Cash Flow Statement for the year ended 31 December 2002 (cont'd)

i) Acquisition of shares in subsidiaries

In the previous year, the Group acquired JP Metal Sdn Bhd and PT Indotech Metal Nusantara. The fair values of assets and liabilities assumed were as follows:

	Group 2001 RM
Property, plant and equipment	8,503,782
Current assets	6,215,538
Current liabilities	(3,961,847)
Long term liabilities	(2,572,399)
Minority interest	(1,945,136)
Net assets acquired	6,239,938
Goodwill on acquisition	1,730,062
Purchase price	7,970,000
Less: Cash and cash equivalents of JP Metal Sdn Bhd and PT Indotech Metal Nusantara	(357,942)
Cash flow on acquisition, net of cash acquired	7,612,058

ii) Purchase of property, plant and equipment

In 2002, the Group acquired property, plant and equipment with an aggregate cost of RM3,814,912 of which RM116,800 was acquired by means of hire purchase.

iii) Cash and cash equivalents comprise:

	2002 RM	2001 RM
Cash and bank balances	15,161,124	8,751,737
Fixed deposits with licensed banks	30,596,020	8,228,000
	45,757,144	16,979,737

Company Balance Sheet at 31 December 2002

	Note	2002 RM	2001 RM
Property, plant and equipment	2	85,330	107,966
Investments in subsidiaries	3	31,035,005	30,935,000
Other investments	5	4,000,000	-
Loan to subsidiaries	6	27,436,450	26,688,613
Current assets			
Other receivables	8	1,036,012	2,307
Tax recoverable		90,619	91,988
Other investments	5	20,000,000	-
Cash and cash equivalents	9	15,117,544	116,358
		36,244,175	210,653
Current liabilities			
Other payables	10	509,876	336,539
Net current assets/(liabilities)		35,734,299	(125,886)
		98,291,084	57,605,693
Financed by:			
Capital and reserves			
Share capital	12	40,000,000	40,000,000
Reserves	13	18,291,084	17,605,693
		58,291,084	57,605,693
Long term liabilities			
Borrowings	11	40,000,000	-
		98,291,084	57,605,693

The financial statements were approved and authorised for issue by the Board of Directors on 14 March 2003.

The notes set out on pages 57 to 77 form an integral part of, and should be read in conjunction with, these financial statements.

Company Income Statement for the year ended 31 December 2002

	Note	2002 RM	2001 RM
Revenue		3,080,000	1,990,000
Administrative expenses		(1,078,407)	(765,814)
Other operating income		200	-
Operating profit	16	2,001,793	1,224,186
Interest expense		(233,333)	-
Interest income		117,443	3,820
Profit before tax		1,885,903	1,228,006
Tax expense	18	(512)	-
Net profit for the year		1,885,391	1,228,006
Dividend per ordinary share - gross (sen)	20	4.50	3.00

Company Statement of Changes in Equity for the year ended 31 December 2002

	Note	Share capital RM	<i>Non-distributable</i> Share premium RM	Merger reserve RM	<i>Distributable</i> Retained profits RM	Total RM
At 1 January 2001		40,000,000	5,491,498	10,846,150	2,044,990	58,382,638
Net gains and losses) not recognised in the) income statements:) Share issue expense)	-		(4,951)	-	-	(4,951)
Net profit for the year		-	-	-	1,228,006	1,228,006
Dividends - 2000 final	20	-	-	-	(2,000,000)	(2,000,000)
At 31 December 2001		40,000,000	5,486,547	10,846,150	1,272,996	57,605,693
Net profit for the year		-	-	-	1,885,391	1,885,391
Dividends - 2001 final	20	-	-	-	(1,200,000)	(1,200,000)
At 31 December 2002		40,000,000	5,486,547	10,846,150	1,958,387	58,291,084
		Note 12			Note 13	

The notes set out on pages 57 to 77 form an integral part of, and should be read in conjunction with, these financial statements.

Company Cash Flow Statement for the year ended 31 December 2002

	2002 RM	2001 RM
Cash flows from operating activities		
Profit before taxation	1,885,903	1,228,006
Adjustments for:		
Depreciation	30,817	29,131
Interest income	(117,443)	(3,820)
Interest expense	233,333	-
Operating profit before working capital changes	2,032,610	1,253,317
Movements in working capital:		
Other receivables	17,664	-
Other payables	(59,996)	279,421
Cash generated from operating activities	1,990,278	1,532,738
Income tax paid	(512)	-
Net cash generated from operating activities	1,989,766	1,532,738
Cash flows from investing activities		
Purchase of other investments	(24,000,000)	-
Purchase of property, plant and equipment	(8,181)	(87,998)
Interest income	67,443	3,820
Subscription of shares in a subsidiary	(100,005)	(5,600,000)
Net cash used in investing activities	(24,040,743)	(5,684,178)
Cash flows from financing activities		
Payment of listing expenses	-	(4,951)
Proceeds from term loan	39,000,000	-
Dividend paid	(1,200,000)	(2,000,000)
(Advance to)/loan repayment by subsidiaries	(747,837)	6,153,937
Net cash generated from financing activities	37,052,163	4,148,986
Net increase/(decrease) in cash and cash equivalents	15,001,186	(2,454)
Cash and cash equivalents at beginning of year	116,358	118,812
Cash and cash equivalents at end of year	15,117,544	116,358
Cash and cash equivalents comprise:		
Cash and bank balances	8,882	116,358
Fixed deposits with licensed banks	15,108,662	-
	15,117,544	116,358

The notes set out on pages 57 to 77 form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years except for the adoption of the following:

- (i) MASB 21, Business Combinations which is applied prospectively;
- (ii) MASB 23, Impairment of Assets which is applied prospectively; and
- (iii) MASB 24, Financial Instruments: Disclosure and Presentation which has been adopted prospectively.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared in compliance with applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Subsidiaries which satisfy the merger relief provisions of Sections 60(4) of the Companies Act, 1965 have been consolidated using the acquisition method and the new shares issued for the acquisitions have been recorded at their nominal value in the financial statements of the Company. On consolidation, the premium arising from the new shares issued has been recorded as a merger reserve. The merger reserve has been used to write off the goodwill arising on the acquisition of the said subsidiaries.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Property, plant and equipment

Freehold land and capital work-in-progress are stated at cost. Other property, plant and equipment are stated at cost less accumulated depreciation.

Notes to the Financial Statements (cont'd)

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value (refer note 1(j)).

Depreciation

Freehold land is not amortised and capital work-in-progress is not depreciated. Leasehold land is amortised in equal instalments over the period of the lease. Buildings are depreciated on a straight line basis over the shorter of 50 years or the lease period. The straight-line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates.

Plant and machinery	10% to 20%
Furniture, fittings, office equipment, renovation and signboard	10% to 20%
Motor vehicles	20%

(d) Goodwill arising on consolidation

Goodwill on consolidation represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses (refer note 1(j)). Goodwill on consolidation is amortised on a straight-line basis over a period of 25 years.

(e) Investments in subsidiaries

Long term investments in unquoted subsidiaries, which are eliminated on consolidation, are stated in the Company's financial statements at cost less impairment loss where applicable.

(f) Investments

Long term investments are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in value which is other than temporary.

Current investments are stated at the lower of cost and market value on a portfolio basis.

(g) Inventories

Raw materials, work-in-progress, finished goods and consumable goods are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost. For work-in-progress and finished goods, cost consists of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

(h) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts. Bad debts are written off in the year in which they are identified. An allowance is made for doubtful debts based on a review of all outstanding amounts at the year end.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

Notes to the Financial Statements (cont'd)

(j) Impairment

The carrying amount of the Group and of the Company's assets, other than inventories (refer note 1(g)) and financial assets (other than investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect on that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement.

(k) Liabilities

Borrowings and trade and other payables are stated at cost.

(l) Hire purchase

Property, plant and equipment held under hire purchase are capitalised and depreciated over their estimated useful lives, and the corresponding obligation relating to the remaining capital payments are treated as a liability.

(m) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all material timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

(n) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date

Notes to the Financial Statements (cont'd)

are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

(ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

1USD RM3.800 (2001: 1USD RM3.800)

(o) Affiliated company

An affiliated company is a company which holds between 20% and 50% of the issued equity capital of the Company and has the ability to exercise significant influence over the financial and operating policies of the Company.

(p) Revenue

Revenue of the Company represents dividends and management fees received and receivable from subsidiaries. Revenue of the Group represents the invoiced value of goods sold, less sales tax, trade discounts and allowances. Sales between companies within the Group are excluded from the revenue of the Group.

i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

iii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(q) Financing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred. The interest component of hire purchase payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

Notes to the Financial Statements (cont'd)

2. Property, plant and equipment

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings, office equipment, renovation and signboard RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Cost								
At 1 January 2002	2,505,842	2,321,262	10,798,185	47,271,304	5,185,669	2,760,861	25,650	70,868,773
Additions	-	-	35,233	3,240,806	334,376	201,647	2,850	3,814,912
Disposals	-	-	-	(130,537)	(19,803)	(156,161)	-	(306,501)
Write off	-	-	-	(30,221)	(38,227)	-	-	(68,448)
At 31 December 2002	2,505,842	2,321,262	10,833,418	50,351,352	5,462,015	2,806,347	28,500	74,308,736
Accumulated Depreciation								
At 1 January 2002	-	79,222	1,103,527	21,634,205	1,815,757	1,360,431	-	25,993,142
Charge for the year	-	15,585	287,841	4,856,655	570,598	469,648	-	6,200,327
Disposals	-	-	-	(108,647)	(5,217)	(156,160)	-	(270,024)
Write off	-	-	-	(24,433)	(21,857)	-	-	(46,290)
At 31 December 2002	-	94,807	1,391,368	26,357,780	2,359,281	1,673,919	-	31,877,155
Net book value								
At 31 December 2002	2,505,842	2,226,455	9,442,050	23,993,572	3,102,734	1,132,428	28,500	42,431,581
At 31 December 2001	2,505,842	2,242,040	9,694,658	25,637,099	3,369,912	1,400,430	25,650	44,875,631
Depreciation charge for the year ended 31 December 2001	-	15,585	168,626	4,028,240	462,709	374,032	-	5,049,192

Certain freehold and leasehold land together with the attached buildings and plant and machinery of the Group with net book value of RM14,662,907 (2001 - RM14,352,596) are charged to financial institutions to secure credit facilities granted to the subsidiaries.

The net book value of the Group's property, plant and equipment acquired under hire purchase as at 31 December 2002 is RM917,111 (2001 - RM1,113,838).

Notes to the Financial Statements (cont'd)

Company	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Total RM
Cost			
At 1 January 2002	58,532	82,910	141,442
Additions	8,181	-	8,181
At 31 December 2002	66,713	82,910	149,623
Accumulated Depreciation			
At 1 January 2002	16,894	16,582	33,476
Charge for the year	14,235	16,582	30,817
At 31 December 2002	31,129	33,164	64,293
Net book value			
At 31 December 2002	35,584	49,746	85,330
At 31 December 2001	41,638	66,328	107,966
Depreciation charge for the year ended 31 December 2001	12,549	16,582	29,131

3. Investments in subsidiaries

		Company	
		2002 RM	2001 RM
Unquoted shares - subsidiaries		31,035,005	30,935,000
Details of the subsidiaries are as follows:			
Name	Principal activities	Place of incorporation	Effective equity interest 2002 2001 % %
Prodelcon Sdn. Bhd. (Company No. 130535-A)	Manufacture of high precision tooling, die sets, semiconductor moulds and parts and high precision jigs and fixtures and the design and manufacture of turnkey automation systems	Malaysia	100 100
Multimatic Systems Sdn. Bhd. (Company No. 445921-P)	Design, fabricate and commission of automatic handling equipment/ systems for semiconductor and electronics industries	Malaysia	100 100*

Notes to the Financial Statements (cont'd)

Name	Principal activities	Place of incorporation	Effective equity interest	
			2002 %	2001 %
Jotech Metal Fabrication Industries Sdn. Bhd. (Company No. 187741-P)	Manufacture and fabrication of tools and dies and stamped metal components for electrical and consumer electronics industries	Malaysia	100	100
<i>and its subsidiaries</i>				
JP Metal Sdn. Bhd. (Company No. 281843-D)	Manufacture and fabrication of tools and dies and stamped metal components for electronics and automotive industries	Malaysia	100	100
PT Indotech Metal Nusantara **	Manufacture and fabrication of tools and dies and stamped metal components for electronics and automotive industries	Indonesia	60	60

* The Company acquired the entire issued and paid up capital of Multimatic Systems Sdn. Bhd. from Prodelcon Sdn. Bhd. during the year.

** Subsidiary which has been audited by another firm of auditors.

4. Goodwill on Consolidation

	Group	
	2002 RM	2001 RM
Cost		
At 1 January	8,354,724	6,624,662
Additions during the year	12,600	1,730,062
At 31 December	8,367,324	8,354,724
Accumulated amortisation		
At 1 January	1,324,942	1,059,955
Amortisation charge for the year	334,693	264,987
At 31 December	1,659,635	1,324,942
Net book value	6,707,689	7,029,782

Notes to the Financial Statements (cont'd)

5. Other investments

	Group and Company	
	2002	2001
	RM	RM
<i>Long term</i>		
Unquoted bonds	4,000,000	-
<i>Current</i>		
Quoted unit trust	20,000,000	-
	<u>24,000,000</u>	<u>-</u>

The market value of the quoted investment is shown in Note 26.

6. Loan to subsidiaries

The amount due from subsidiaries is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

7. Inventories

	Group	
	2002	2001
	RM	RM
At cost		
Raw materials	5,584,465	9,653,127
Work-in-progress	2,836,857	824,656
Finished goods	1,733,429	2,016,724
Consumable goods	383,881	201,803
	<u>10,538,632</u>	<u>12,696,310</u>

8. Trade and other receivables

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Trade receivables	10,003,570	11,409,311	-	-
Other receivables, deposits and prepayment	2,313,440	801,112	1,036,012	2,307
	<u>12,317,010</u>	<u>12,210,423</u>	<u>1,036,012</u>	<u>2,307</u>

Notes to the Financial Statements (cont'd)

Included in trade receivables of the Group is an amount owing by a subsidiary of an affiliated company amounting to RM662,736 (2001 - RM127,875). The amount due is unsecured, interest free and has no fixed term of repayment.

Included in other receivables of the Group and of the Company is prepaid interest on borrowings amounting to RM983,000 (2001 - Nil).

9. Cash and cash equivalents

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash and bank balances	15,161,124	8,751,737	8,882	116,358
Fixed deposits with licensed banks	30,596,020	8,228,000	15,108,662	-
	<u>45,757,144</u>	<u>16,979,737</u>	<u>15,117,544</u>	<u>116,358</u>

10. Trade and other payables

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade payables	9,431,501	8,483,001	-	-
Other payables and accruals	7,277,006	5,292,689	509,876	336,539
	<u>16,708,507</u>	<u>13,775,690</u>	<u>509,876</u>	<u>336,539</u>

Included in other payables of the Group and of the Company is an amount due to an affiliated company of RM203,484 (2001 - RM239,683) and RM176,301 (2001 - RM212,500) respectively. The amount due is unsecured, interest free and has no fixed term of repayment.

Included in other payables of the Group is also an amount of RM1,843,000 (2001 - Nil) due to a supplier of plant and machinery acquired towards the year end.

11. Borrowings

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Current				
Hire purchase liabilities	239,483	304,143	-	-
Term loans - secured	5,561,938	3,371,547	-	-
	<u>5,801,421</u>	<u>3,675,690</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements (cont'd)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Non-current				
Hire purchase liabilities	236,601	350,402	-	-
Term loans - secured	8,504,115	7,715,930	-	-
- unsecured	40,000,000	-	40,000,000	-
	<u>48,740,716</u>	<u>8,066,332</u>	<u>40,000,000</u>	<u>-</u>

Terms and debt repayment schedule

The secured term loans amounting to RM12,555,097 are subject to fixed interest rates ranging from 4.0% to 7.5% (2001- 5.5% to 8.0%) per annum with the remaining RM1,510,956 subject to variable interest rates at 1% (2001 - Nil) per annum above the lender's base lending rates. The unsecured term loan is subject to fixed interest rate of 7% per annum. Hire purchase liabilities are subject to fixed interest rates ranging from 3.5% to 12.5% (2001 - 5%) per annum.

The secured term loans are secured by the following:

- legal charge over the freehold and leasehold land and buildings of subsidiaries;
- negative pledge over the unencumbered assets of subsidiaries;
- fixed and floating charge over the property, plant and equipment of subsidiaries; and
- corporate guarantees by the Company.

	Total RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
Group				
Term loan - unsecured	40,000,000	-	-	40,000,000
Term loans - secured	14,066,053	5,561,938	5,365,229	3,138,886
	<u>54,066,053</u>	<u>5,561,938</u>	<u>5,365,229</u>	<u>43,138,886</u>
Company				
Term loan - unsecured	40,000,000	-	-	40,000,000

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Payments 2002 RM	Interest 2002 RM	Principal 2002 RM	Payments 2001 RM	Interest 2001 RM	Principal 2001 RM
Group						
Less than one year	276,586	37,103	239,483	362,751	58,608	304,143
Between one and five years	286,669	50,068	236,601	415,307	64,905	350,402
	<u>563,255</u>	<u>87,171</u>	<u>476,084</u>	<u>778,058</u>	<u>123,513</u>	<u>654,545</u>

Notes to the Financial Statements (cont'd)

12. Share capital

	Company	
	2002 RM	2001 RM
Ordinary shares of RM1 each:		
Authorised	100,000,000	100,000,000
Issued and fully paid	40,000,000	40,000,000

The details of options granted to subscribe for shares which were outstanding at 31 December 2002 were as follows:

Option expiry date	Issue price	Number of ordinary shares
14 July 2012	RM1.40	3,276,000

The consideration is payable in full on application.

13. Reserves

Retained Earnings

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all its retained profits at 31 December 2002 if paid out as dividends.

14. Minority interest

Minority interest consists of the minority shareholders' proportion of share capital and reserves of a subsidiary, net of the share of subsidiary's goodwill on consolidation and amortisation of goodwill charged to the minority shareholders.

15. Deferred taxation

	Group	
	2002 RM	2001 RM
At 1 January	2,241,000	1,700,000
Transfer from income statement (Note18)	50,000	541,000
At 31 December	2,291,000	2,241,000

Subject to agreement by the Inland Revenue Board, the Group and the Company has potential deferred tax benefits not taken up in the financial statements under the liability method in respect of the following items:

Notes to the Financial Statements (cont'd)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Unutilised tax losses	1,229,000	402,000	1,229,000	402,000
Other timing differences	1,514,000	9,000	47,000	9,000

16. Operating profit

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Revenue - sale of goods	87,627,173	87,898,044	-	-
- dividends	-	-	3,000,000	1,700,000
- management services	-	-	80,000	290,000
	87,627,173	87,898,044	3,080,000	1,990,000
Cost of goods	(71,483,000)	(72,379,717)	-	-
Gross profit	16,144,173	15,518,327	3,080,000	1,990,000
Operating profit for the year is arrived at after crediting:				
Gain on disposal of property, plant and equipment	69,757	-	-	-
Gain on foreign exchange				
- realised	26,776	47,338	-	-
- unrealised	31,936	-	-	-
after charging:				
Auditors' remuneration	38,000	27,000	10,000	3,500
Amortisation of goodwill	334,693	264,987	-	-
Depreciation	6,200,327	5,049,192	30,817	29,131
Directors' remuneration	1,056,030	1,090,595	22,430	-
Directors' fees	148,750	44,500	148,750	44,500
Loss on foreign exchange				
- realised	-	54,831	-	-
Management fee payable to an affiliated company	250,000	250,000	250,000	250,000
Rental of land and building	671,223	265,472	24,000	24,000
Property, plant and equipment written off	22,158	8,877	-	-

Notes to the Financial Statements (cont'd)

17. Employee information

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Staff costs	13,427,642	11,897,444	214,953	166,462

The number of employees of the Group and of the Company (including Directors) at the end of the year was 665 (2001 - 681) and 4 (2001 - 3) respectively.

18. Tax expense

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Malaysia				
- Current year	574,195	280,244	-	-
- Underprovision in prior year	7,713	136,177	512	-
Overseas - current	299,299	-	-	-
Transfer to deferred taxation (Note15)	50,000	541,000	-	-
	931,207	957,421	512	-

The effective tax rates of the Group for 2002 and 2001 are lower than the prima facie tax rate due to the utilisation of reinvestment allowance. A subsidiary has also been granted pioneer status for a period of five years commencing 1 January 2001.

There is no tax expense for the Company due to the receipt of tax exempt dividends.

19. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM3,323,282 (2001 - RM3,033,240) and the number of ordinary shares outstanding during the year of 40,000,000 (2001 - 40,000,000).

Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit attributable to ordinary shareholders of RM3,323,282 (2001 - RM3,033,240) and the weighted average number of ordinary shares outstanding during the year of the 40,541,000 (2001 - 40,000,000).

Weighted average number of ordinary shares (diluted)

	2002	2001
Number of ordinary shares as above	40,000,000	40,000,000
Effect of share options	541,000	-
Weighted average number of ordinary shares as above	40,541,000	40,000,000

Notes to the Financial Statements (cont'd)

20. Dividends

	Group and Company	
	2002	2001
	RM	RM
Ordinary		
Final paid:		
2001 - 3% per share tax exempt (2000 - 5% per share tax exempt)	1,200,000	2,000,000

The proposed final dividend of 4.5% tax exempt totaling RM1,800,000 has not been accounted for in the financial statements of the Group and the Company as at 31 December 2002.

21. Related parties

Controlling related party relationships are as follows:

- i) the affiliated company, AIC Corporation Berhad, ("AIC") as explained in Note 1(o);
- ii) a subsidiary of AIC, AIC Semiconductor Sdn. Bhd. ("AICS");
- iii) an enterprise related to a Director, Mr Ooi Boon Pin, APAC Trading;
- iv) its subsidiaries as disclosed in Note 3;
- v) a company related to a Director, Tuan Haji Mohd Ali bin Bawal, Permai Bakti Sdn. Bhd. ("PBSB"); and
- vi) companies in which a Director, Datuk Haji Sarip bin Hamid, is deemed to have substantial financial interests:
 - Autoventure Electronics Sdn. Bhd. ("AVE")
 - HKR Manufacturing Sdn. Bhd. ("HKR")
 - Autovisor Plastic Sdn. Bhd. ("AVP")
 - Autokorsia Sdn. Bhd. ("AKSB")
 - Nobel Decree Sdn. Bhd. ("NDSB")
 - Direct Past Sdn. Bhd. ("DPSB")

Transactions with related parties

Significant transactions and balances with related parties other than disclosed elsewhere in the financial statements are as follows:

Transactions

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
A) Rendering of services				
a) Transactions with AIC:				
Management fee	250,000	250,000	250,000	250,000
Rental expense	24,000	24,000	24,000	24,000
b) Transaction with AICS:				
Sales	812,542	484,236	-	-
c) Transaction with APAC Trading:				
Commission	-	61,940	-	-
d) Transaction with PBSB:				
Rental expense	388,800	-	-	-
e) Transaction with AVE:				
Sales	26,256	-	-	-

Notes to the Financial Statements (cont'd)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
f) Transaction with AVP Sales	7,029	-	-	-
g) Transaction with AKSB Sales	99,108	-	-	-
h) Transaction with DPSB Sales	233,485	-	-	-
i) Transaction with HKR Sales	55,942	-	-	-
j) Transaction with NDSB Sales	109,070	-	-	-
B) Sale of a motor vehicle				
a) Sale of a motor vehicle to Mr Chew Siew Hong, a Director	-	54,348	-	-

The related party transactions have been entered in the normal course of business and have been established under negotiated terms.

22. Capital commitments

	Group	
	2002 RM	2001 RM
Property, plant and equipment Approved and contracted for	3,650,000	-

23. Contingent liabilities - Company

The Company has executed corporate guarantees in favour of licensed banks for facilities of up to a limit of RM27.350 million granted to its subsidiaries. There has been no change in the contingent liabilities since the last financial year.

24. Acquisition of subsidiaries

In the previous year, the Group acquired 100% equity interest in JP Metal Sdn Bhd and 60% interest in PT Indotech Nusantara Metal for a consideration of RM3,664,000 and RM4,306,000 respectively. The acquisition were accounted for using the acquisition method of accounting. The post-acquisition results did not have an impact on the Group's income statement for the year ended 31 December 2001.

Notes to the Financial Statements (cont'd)

25. Segmental information

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Company's management and internal reporting structure. Inter segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total incurred during the year to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main basis segments:

Investment holding	Ultimate holding company of the Group.
Precision stamping	Manufacture and fabrication of tools and dies and stamped metal components for electrical, consumer electronics and automotive industries.
Semiconductor tooling automation semiconductor	Manufacture of high precision tooling, dies sets, and moulds and parts and high precision jigs and fixtures, the design and manufacture of turnkey automation system, automatic handling equipment/systems for electronics and semiconductor industries.

Geographical segments

The precision stamping segment of the Group is also operated in Indonesia apart from its home country, Malaysia.

The other major business segments are operated solely in Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets and capital expenditure are also based on the geographical location of assets.

	Investment holding RM	Precision stamping RM	Semiconductor tooling and automation RM	Eliminations RM	Consolidated RM
2002					
<i>Business segments</i>					
Revenue from external customers	-	73,584,671	14,042,502	-	87,627,173
Inter-segment revenue	3,080,000	-	-	(3,080,000)	-
Total revenue	3,080,000	73,584,671	14,042,502	(3,080,000)	87,627,173
Segment result	2,001,791	5,448,194	1,287,099	(3,332,143)	5,404,941
Interest expense					(1,465,795)
Interest income					618,547
Profit before taxation					4,557,693
Tax expense					(931,207)
Minority interest					(303,204)
Net profit for the year					3,323,282

Notes to the Financial Statements (cont'd)

	Investment holding RM	Precision stamping RM	Semiconductor tooling and automation RM	Eliminations RM	Consolidated RM
2002					
Segment assets	40,321,857	60,208,571	36,053,465		136,583,893
Goodwill on consolidation	5,034,733	1,672,956	-		6,707,689
Total assets	<u>45,356,590</u>	<u>61,881,527</u>	<u>36,053,465</u>		<u>143,291,582</u>
Total liabilities	<u>40,509,876</u>	<u>26,566,967</u>	<u>7,338,682</u>		<u>74,415,525</u>
Capital expenditure	8,181	3,500,461	306,270		3,814,912
Depreciation and amortisation	293,326	4,026,970	2,214,724		6,535,020
	Investment holding RM	Precision stamping RM	Semiconductor tooling and automation RM	Eliminations RM	Consolidated RM
2001					
<i>Business segments</i>					
Revenue from external customers	-	68,618,325	19,279,719	-	87,898,044
Inter-segment revenue	1,990,000	-	5,020	(1,995,020)	-
Total revenue	<u>1,990,000</u>	<u>68,618,325</u>	<u>19,284,739</u>	<u>(1,995,020)</u>	<u>87,898,044</u>
Segment result	<u>1,224,186</u>	<u>3,339,648</u>	<u>2,290,029</u>	<u>(1,975,181)</u>	<u>4,878,682</u>
Interest expense					(1,174,185)
Interest income					286,164
Profit before taxation					3,990,661
Tax expense					(957,421)
Minority interest					-
Net profit for the year					<u>3,033,240</u>
	Investment holding RM	Precision stamping RM	Semiconductor tooling and automation RM	Eliminations RM	Consolidated RM
2001					
Segment assets	312,630	55,180,429	32,390,560		87,883,619
Goodwill on consolidation	5,299,720	1,730,062	-		7,029,782
Total assets	<u>5,612,350</u>	<u>56,910,491</u>	<u>32,390,560</u>		<u>94,913,401</u>
Total liabilities	<u>336,539</u>	<u>22,248,621</u>	<u>5,878,670</u>		<u>28,463,830</u>
Capital expenditure	75,255	6,272,100	596,160		6,943,515
Depreciation and amortisation	294,118	2,671,327	2,348,734		5,314,179

Notes to the Financial Statements (cont'd)

	Malaysia		Indonesia		Eliminations		Consolidated	
	2002 RM	2001 RM	2002 RM	2001 RM	2002 RM	2001 RM	2002 RM	2001 RM
<i>Geographical segments</i>								
<i>By location of customers:</i>								
Revenue from external customers	76,653,906	87,898,044	10,973,267	-	-	-	87,627,173	87,898,044
Segment assets by location of assets	133,324,520	84,910,315	9,967,062	10,003,086	-	-	143,291,582	94,913,401
Capital expenditure by location of assets	2,761,876	6,943,515	1,053,036	-	-	-	3,814,912	6,943,515

26. Financial instruments

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control system and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves such policies that covers the management of these risks.

Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into and financial instruments maintained by subsidiaries in currencies other than their functional currency. The Group does not engage in foreign currency hedging on its foreign currency exposures but the management monitors these exposures on an ongoing basis.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debt. The Group does not use derivative financial instruments to hedge its debt obligations.

Credit risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to

Notes to the Financial Statements (cont'd)

business partners with good credit rating. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

At balance sheet date, there were no significant concentrations of credit risk.

Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining the flexibility in funding by keeping committed credit lines available. In addition, the objective for debt maturities is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and/or refinance.

Effective interest rates and repricing analysis

In respect of interest earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group	Effective interest rate %	Total 31.12.2002 RM	Within 1 year RM	1-5 years RM
Financial assets				
Fixed deposits with licensed banks	2.63%	30,596,020	30,596,020	-
Other investments				
Unquoted bonds	15.00%	4,000,000	-	4,000,000
Quoted unit trusts	5.41%	20,000,000	20,000,000	-
		54,596,020	50,646,020	4,000,000
Financial liabilities				
Term loans - unsecured	7.00%	40,000,000	-	40,000,000
- secured	6.41%	14,066,053	5,561,938	8,504,115
		54,066,053	5,561,938	48,504,115
Company				
Financial assets				
Fixed deposits with licensed banks	2.63%	15,108,662	15,108,662	-
Other investments				
Unquoted bonds	15.00%	4,000,000	-	4,000,000
Quoted unit trusts	5.41%	20,000,000	20,000,000	-
		39,108,662	35,108,662	4,000,000
Financial liabilities				
Term loan - unsecured	7.00%	40,000,000	-	40,000,000

Notes to the Financial Statements (cont'd)

Fair values

Recognised financial instruments

The carrying amounts in respect of inventories, trade and other receivables, tax recoverable, cash and cash equivalent, trade and other payables approximate their fair values due to the relatively short term nature of these financial instruments.

The aggregate fair values of the other financial assets and liabilities carried on the balance sheet as at 31 December 2002 are represented in the following table:

Group	2002	
	Carrying amount RM	Fair value RM
Financial assets		
Other investments		
Unquoted bonds	4,000,000	4,000,000
Quoted unit trusts	20,000,000	20,026,702
	<u>24,000,000</u>	<u>24,026,702</u>
Financial liabilities		
Term loans - unsecured	40,000,000	40,000,000
- secured	14,066,053	13,655,453
	<u>54,066,053</u>	<u>53,655,453</u>
Company		
Financial assets		
Other investments		
Unquoted bonds	4,000,000	4,000,000
Quoted unit trusts	20,000,000	20,026,702
	<u>24,000,000</u>	<u>24,026,702</u>
Financial liabilities		
Term loan - unsecured	40,000,000	40,000,000

The fair value of quoted securities is their quoted bid price at the balance sheet date. For other financial instruments listed above, fair value has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

27. Event subsequent to the balance sheet date

On 22 January 2003, Jotech Metal Fabrication Industries Sdn. Bhd., a wholly-owned subsidiary of the Company, has entered into a Joint Venture Agreement with Jiang Men Jolimark Information Technology Ltd and Dinomax Pte Ltd to set up and participate in the equity of a new joint venture company ("new JVCO") with the principal activities of precision tooling and dies fabrication as well as production and sub-assembly of precision metal stamping parts and

Notes to the Financial Statements (cont'd)

components ("Proposed JV Project"). A Master Purchase & Supply Agreement of the same date between new JVCO named as Jotech Kong Yue Precision Industries Ltd and Kong Yue Electronics and Information Industry Ltd ("Purchaser") has also been entered into for the sale of new JVCO products to the Purchaser according to certain terms and conditions.

The Proposed JV Project is subject to the approval of Bank Negara Malaysia, Ministry of Foreign Trade and Economic Cooperation for the formation of JVCO, Industrial and Commercial Bureau of JiangMen City for the registration of the new JVCO and any other regulatory authorities, where necessary.

A Subscription Agreement dated 27 December 2002 was signed between the Company and Palladine Technology Pte Ltd ("Palladine") where the Company will subscribe 750,000 new ordinary shares of SGD1.00 each in Palladine equivalent to 60% of the enlarged share capital of Palladine at par for a total cash consideration of SGD650,000 ("Palladine Subscription"). The Palladine Subscription is subject to the approval of Bank Negara Malaysia.

There have been other no material events subsequent to the end of the financial year.

Statistics on Shareholdings

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31 MARCH 2003

Size of shareholdings	No. of Shareholders	%	No. of shares	%
Less than 1,000	1	0.05	698	0.00
1,000 – 10,000	1,723	93.85	3,992,000	9.98
10,001 – 100,000	88	4.79	2,381,000	5.95
100,001 to less than 5% of issued shares	19	1.04	10,692,430	26.73
5% and above of issued shares	5	0.27	22,933,872	57.34
Total	1,836	100.00	40,000,000	100.00

LIST OF TOP 30 SHAREHOLDINGS AS AT 31 MARCH 2003

No.	Name	No. of ordinary shares of RM1.00 each	Percentage of issued capital (%)
1	AIC Corporation Berhad	13,599,993	34.00
2	Liew Cheng York	2,685,021	6.71
3	Lim Siok Hui	2,628,459	6.57
4	Chew Siew Hong	2,020,399	5.05
5	Hong Leong Finance Berhad Pledged Securities Account for Liew Cheng York	2,000,000	5.00
6	Ooi Boon Pin	1,979,265	4.95
7	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK -UOB Small Cap Opportunity Unit Trust	1,159,000	2.90
8	Permodalan Nasional Berhad	1,120,000	2.80
9	Liew Cheng York	1,075,611	2.69
10	Ooi Boon Pin	904,736	2.26
11	AMSEC Nominees (Asing) Sdn Bhd Fraser Securities Pte Lte for Ong Nai Pew	703,403	1.76

Statistics on Shareholdings (cont'd)

LIST OF TOP 30 SHAREHOLDINGS AS AT 31 MARCH 2003

No.	Name	No. of ordinary shares of RM1.00 each	Percentage of issued capital (%)
12	Mayban Securities Nominees (Tempatan) Sdn Bhd Mayban Ventures Sdn Bhd For Liew Cheng York	600,000	1.50
13	Hoo Kuong	550,499	1.38
14	Lim Gaik See	367,000	0.92
15	Chen Shun Ching @ Hoo Chen Shun Ching	344,000	0.86
16	OSK Nominees (Tempatan) Sdn Bhd Wong Chong Shee	321,000	0.80
17	Lim Siok Hui	314,283	0.79
18	Chang Chuen Lee	300,000	0.75
19	Liew Cheng York	294,633	0.74
20	Liew Kok Leong	157,000	0.39
21	Lee Jenny	151,000	0.38
22	Chong Lip Tee	125,000	0.31
23	Universal Trustee (Malaysia) Berhad BHLB Pacific Emerging Companies Growth Fund	118,000	0.30
24	Loh Khee Lian	108,000	0.27
25	Kao Cheng Fend	100,000	0.25
26	Chew Kwang Wey	100,000	0.25
27	Chew Ta Wey	100,000	0.25
28	Goo Chooi Lian	86,000	0.22
29	Wai Ka Leng	86,000	0.22
30	Yee Yen Choon	76,000	0.19
		34,174,302	85.44

Statistics on Shareholdings (cont'd)

Substantial Shareholdings as at 31 March 2003 (As per the Register of Substantial Shareholders of Jotech Holdings Berhad)

Name	Direct No. of shares	Indirect %	No. of shares	%
Liew Cheng York	6,655,265	16.64	-	-
Lim Siok Hui	2,942,742	7.36	-	-
Ooi Boon Pin	2,884,001	7.21	-	-
Chew Siew Hong	2,020,399	5.05	-	-
AIC Corporation Berhad	13,599,993	34.00	-	-
Asteria Consolidated Sdn. Bhd.	-	-	13,599,993 (a)	34.00
Golden Prism Sdn. Bhd.	-	-	13,599,993 (b)	34.00
Nadi Mal Sdn. Bhd.	-	-	13,599,993 (b)	34.00
Datuk Haji Sarip Bin Hamid	50,000	0.125	13,599,993 (c)	34.00
Hakikat Seri Sdn. Bhd.	-	-	13,599,993 (d)	34.00
Maznah Bte Mohamad	1,000	0.00	13,599,993 (e)	34.00

Notes :-

- Deemed interest by virtue of its substantial shareholdings in AIC Corporation Berhad
- Deemed interest by virtue of its substantial shareholdings in AIC Corporation Berhad through Asteria Consolidated Sdn. Bhd.
- Deemed Interest by virtue of his substantial shareholdings in AIC Corporation Berhad through Asteria Consolidated Sdn. Bhd. and Golden Prism Sdn. Bhd.
- Deemed interest by virtue of its substantial shareholdings in AIC Corporation Berhad through Asteria Consolidated Sdn. Bhd. and Nadi Mal Sdn. Bhd.
- Deemed interest by virtue of her substantial shareholdings in AIC Corporation Berhad through Asteria Consolidated Sdn. Bhd., Nadi Mal Sdn. Bhd. and Hakikat Seri Sdn. Bhd.

Statistics on Shareholdings (cont'd)

Directors' Shareholdings as at 31 March 2003
(As per the Register of Directors' Shareholdings)

Name	Direct Interest		Indirect Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Datuk Haji Sarip Bin Hamid	50,000	0.125	* 13,599,993	34.00
Tuan Haji Mohd Ali Bin Bawal	10,000	0.025	-	-
Ooi Boon Pin	2,884,001	7.21	-	-
Chew Siew Hong	2,020,399	5.05	-	-
Lim Siok Hui	2,942,742	7.36	-	-
Liew Cheng York	6,655,265	16.64	-	-
Ashari Bin Ayub	10,000	0.025	-	-
Lasa Bin Mat Desa	10,000	0.025	-	-
Lt Jen (B) Datuk Haji Abdul Aziz Bin Hassan	-	-	-	-
Total	14,582,407	36.46	* 13,599,993	34.00

* Deemed interest by virtue of his substantial shareholdings in AIC Corporation Berhad through Asteria Consolidated Sdn. Bhd. and Golden Prism Sdn. Bhd.

Properties Of The Group

Location/ Address	Description and Existing use	Date of Purchase	Approximate Age of Building	Land Area (Sq. Ft.)	Built Up Area (Sq. Ft.)	Tenure of Land	Net book Values as at 31/12/2002
Plot 78, Bayan Lepas, Industrial Park IV Mukim 12, South West District, Pulau Pinang	Office and factory building: Manufacture of semiconductor tooling products and automation systems for semiconductor industries.	June 1996	7 years	66,000	31,000	60 years leasehold land expiring in year 2056	3,401,160
No. 20 & 22, Jalan Masyhur 1 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Darul Takzim	Office and factory building: Manufacture of precision stamping parts for electronic and electrical industries.	November 1997	5.5 years	78,400	63,000	Freehold	7,544,430
Kawasan Industri KIIC C-7C Jl. Tol Jakarta – Cikampek, KM 47 Teluk Jambe Karawang 41361 Indonesia	Office and factory building Manufacture and fabrication of tools and dies and parts of automotive, electronics and electrical industries.	April 1997	6 years	46,467	68,245	30 years leasehold land expiring year 2027	3,228,757

Form of Proxy



JOTECH HOLDINGS BERHAD

(company no: 334818-P)
(Incorporated in Malaysia)

Eighth Annual General Meeting

I/We _____ of _____
being a member/members of JOTECH HOLDINGS BERHAD
hereby appoint * the Chairman of the meeting or _____ of _____

or failing whom _____ of _____
as my/our proxy to vote for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Mines Beach Resort & Spa, Parameswara, Level 2, Jalan Dulang, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on 28 May 2003 at 3pm and at any adjournment thereof.

*My/*Our proxy(ies) is/are to vote as indicated below:-

Resolutions	For	Against
ORDINARY BUSINESS		
1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2002 together with the Directors' and Auditors' Reports thereon. (Ordinary Resolution 1)		
2. To declare a First and Final Tax-Exempt Dividend of 4.5 sen per ordinary share of the Company for the year ended 31 December 2002. (Ordinary Resolution 2)		
3. To approve the payment of Directors' fees of RM148,750.00 for the year ended 31 December 2002. (Ordinary Resolution 3)		
4. To re-elect the following Directors who are retiring in accordance with Article 82(1) of the Company's Articles of Association :- 4.1 Yg. Bhg. Datuk Haji Sarip Bin Hamid (Ordinary Resolution 4) 4.2 Tuan Haji Mohd Ali Bin Bawal (Ordinary Resolution 5) 4.3 Liew Cheng York (Ordinary Resolution 6)		
5. To re-appoint Messrs KPMG as the Company's Auditors and to authorise the Board of Directors to fix their remuneration. (Ordinary Resolution 7)		
SPECIAL BUSINESS		
6. Proposed Acquisition (Ordinary Resolution 8)		
7. Proposed Shareholders' Mandate 7.1 AIC, AICS, BHSB and AVP (Ordinary Resolution 9) 7.2 DPSB, ASB, NDSB, HKR and AESB (Ordinary Resolution 10)		
8. Proposed Purchase of Own Shares (Ordinary Resolution 11)		
9. Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965 (Ordinary Resolution 12)		

[Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion]

Dated this _____ day of _____ 2003.

Number of ordinary shares held :

Signature/Common Seal of Shareholder(s)

[* Delete if not applicable]

Notes :-

1. A member entitled to attend and vote at the Eighth Annual General Meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company, and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two or more proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at 10th Floor-Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur at least forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

Explanatory notes on special business of the Agenda

Item 6, 7 and 8

For further information on the Proposed Acquisition, Proposed Shareholders' Mandate and Proposed Purchase of Own Shares, please refer to the Circular to Shareholder dated 30 April 2003 enclosed together with the Company's Annual Report 2002.

Item 9

The Ordinary Resolution proposed under item 9 is in line with the Company's expansion plan which may involve the issue of new shares. Under Section 132D of the Companies Act, 1965, the Directors would have to call for a general meeting to approve the issue of new shares even though the number of shares involved is less than 10% of the issued share capital of the Company for the time being. In order to avoid any delay and costs involved in convening a general meeting, it is thus considered appropriate to seek the shareholders' approval for Directors of the Company to issue shares in the Company up to an aggregate amount of not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company and also to empower Directors to obtain approval from the Kuala Lumpur Stock Exchange for the listing of and quotation for additional shares issued. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company Secretary

JOTECH HOLDINGS BERHAD (334818-P)

10th Floor-Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

P.O. Box 12547
50782 Kuala Lumpur

STAMP

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